

# FOREIGN POLICY BULLETIN

*An analysis of current international events*



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## ***Is Stage Set for East-West Balance at Paris?***

As the conference of the foreign ministers' deputies of the Big Four opened in Paris on March 5 Europe, both West and East, was in a state of political uncertainty. France and the Netherlands were without governments, a petition for new elections was circulating in meat-hungry Britain, the Adenauer regime of Western Germany was being pressed for immediate decisions on the Schuman plan by the Western powers, and on German unity by the German Communists and the Kremlin; and the government of Premier Alcide de Gasperi in Italy was threatened by dissension in the ranks of his own Christian Democratic party.

If these developments might seem disheartening to the Atlantic coalition and of good augury to Moscow, the U.S.S.R. for its part, could hardly draw comfort from evidences of mounting dissatisfaction in the countries of Eastern Europe, climaxed by reports of a far-reaching Moscow-directed purge of the Czechoslovak Communist party, by the growing rift in the Communist party of Italy, by the favorable publicity accorded in Europe and the United States to Marshal Tito's efforts at democratization of communism in Yugoslavia, and by the military stalemate in Korea, which has greatly increased the psychological, economic and social problems faced by the Communist government of China.

Thus the Western nations and the U.S.S.R. came to the Paris conference table with a condition of far greater balance between their respective political prospects as well as their military resources than had been true at any time since the end of World War II. Whether or not

this new balancing of opposing forces would bring about the kind of relative stabilization that the nineteenth century great powers achieved after the Congress of Vienna, or would prove the prelude to a worldwide test of arms, only the actual conference negotiations will reveal.

### ***Economics Test Democracy***

In the countries of Western Europe the main problem is whether democratic institutions which functioned effectively in an era of relative peace and economic stability can be adapted to the new needs of industrial economies now in process of conversion to what may be protracted rearmament in peacetime—or will have to be supplemented or replaced by institutions representing primarily economic interests. If one excludes from political life avowed Fascists on the one hand and Communists on the other, one finds that in the course of the struggle the middle of the road parties of Western Europe have waged against Fascists and Communists, ideological differences have come to be focused on controversies about the economic structure of society. Where the socialists have not proved sufficiently strong to replace nineteenth-century liberals as a center party, the possibility of creating a workable "vital center" has been gradually whittled down, and a trend has appeared toward conservative-dominated groups, as in France and Italy.

Meanwhile, the Communists, having lost their opportunity to achieve power by parliamentary means in the immediate post-war period, have seen their wartime adherents drift away as the economic situ-

ation improved, as Russia's plans for a dominant role in Europe unfolded, and as nationalist sentiment gained ascendancy over the concept of world communism. For the most part, however, the workers and intellectuals who drifted away from communism have not drifted toward any other existing party. The result of this decline in the strength of the parties of the center and left has been to strengthen the prospects of what are called "Rightist" elements—although some of these groups, responding to the evident desire of rank and file of voters for economic and social improvements often advocate measures which under other circumstances would be described as "Leftist."

Unless the Communists choose this moment for an attempt to seize power by force—the most likely prospect is that they will strip their ranks to the "hard core" of trusted revolutionaries and wait for a more propitious occasion—the tenuous center groups will have to consider the possibility of enlarging their base of operation by including pro-democratic conservatives on the one hand and socialists on the other. A significant development in that direction may be seen in West Germany, where the Social Democrats, already much strengthened by their resistance to rearmament and their victory with respect to "co-determination," stand to make further gains should Germany be unified. For then their ranks would be swelled by the accretion of the Social Democrats of East Germany, notably the staunch anti-Communist group of Berlin led by Mayor Ernst Reuter.

In France the government of Premier René Pleven resigned on February 28

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rather than face defeat in the National Assembly on the thorny issue of electoral reform which must be settled before national elections, scheduled for this year, can be held. The Pleven cabinet had been struggling to pass a bill which would amend or do away with the system of proportional representation adopted after the war. This system, according to its critics, had given a disproportionate number of seats to the de Gaullists and the Communists. The government bill proposed a straight majority vote on the first round to be followed by run-off votes when a candidate did not get a clear majority, with some degree of proportional representation permitted in the run-off. This bill brought about a split between the two major parties composing the Pleven cabinet. The Popular Republican Movement (MRP) of Georges Bidault, insisted on a single ballot, fearing that they (like the Communists) would lose disastrously by run-off elections. The Radicals demanded the adoption of the double system ballot provided for in the bill by which they hope to increase their Assembly representation. On March 5 Guy Mollet, general secretary of the Socialist party, accepted the task of forming a new cabinet, on condition that electoral reform would become the responsibility of the National Assembly and the Senate, while

the cabinet would concentrate on the formulation of an economic program. Although de Gaulle's prospects in a new election may be improved by what his followers represent as the breakdown of the "third force," it is not expected that the General alone could form a government. Thoughtful observers therefore believe France can maintain a democratic regime only by forming a national coalition that would include all groups from the pro-democratic Right and the de Gaullists to the Socialists. Whether or not political groups holding such diverse views on economic questions could then agree on a national economic program is France's \$64 question.

### *Setback for De Gasperi*

In Italy, in spite of the rift within the Communist party signalized by the resignations of the Communist deputies Valdo Magnani and Aldo Cuccchi, the de Gasperi government suffered its most severe setback on March 1, when it obtained approval of the Chamber of Deputies for one of two controversial measures designed to give it broad powers over the nation's economy by the slim vote of 253 to 237. Since de Gasperi's Christian Democratic party has an absolute majority in the Chamber, controlling 304 of the 574 seats, it is evident that the Premier's diffi-

culty was due to a division within his own party. The right wing opposes land reform and what it regards as the "planned" economy program of the Premier, while the left wing, sympathetic to some aspects of socialism, denounces the alleged control of the party by "big business."

Meanwhile, in the Netherlands, which has been without a cabinet since January 24 when former Foreign Minister Dirk U. Stikker resigned because of criticisms of his policy on Dutch New Guinea, it was reported on March 2 that Dr. Carl P. M. Romme, parliamentary leader of the Catholic People's party, was trying to form a coalition cabinet that would include representatives of all parties except the Communists. Should these efforts fail, Queen Juliana might have to consider the dissolution of Parliament and the holding of new elections. Because of the grave economic stringency faced by the Netherlands as a result of increased armament measures (the Dutch doubled their military budget on February 1) and sharp reductions in West Germany's imports of Dutch products, any new government will be faced with the necessity of introducing strict economic and financial controls.

VERA MICHELES DEAN

(The first of two articles on political trends in Europe. The second will cover Eastern Europe.)

## ***Germans Debate Co-Determination, Decartelization***

Although General Eisenhower succeeded in putting the vexing question of German rearmament "on ice" pending a political agreement, it is impossible to set aside the equally perplexing problems posed by German economic instability. A partial tabulation of German economic ailments includes difficulties arising from strong inflationary pressures, unemployment brought on by critical shortages of raw materials, a serious and protracted trade deficit despite liberal credits from abroad and a restrictive commercial policy at home, labor-management relations, the great concentration of economic power and a heavy foreign debt.

### ***Co-determination***

One of the most delicate problems has arisen in connection with the demand of the German Trade Union Federation for *Mitbestimmungsrecht* or the right of workers to manage the iron, coal and steel industries jointly with employers. The current campaign for co-determina-

tion launched by the late Dr. Hans Boeckler, West German trade union leader, aims to secure for labor a role far more important than that enjoyed under the Weimar Republic. Specifically, the trade unions are seeking representation in the board of directors (*Aufsichtsrat*) and in the board of managers (*Vorstand*) of every company over a certain size in these specific industries.

On January 4 the West German Metal Workers Union voted to strike on February 1 if its demand for co-determination was not met. By this vote labor challenged Chancellor Konrad Adenauer who had denied that German workers had the right to strike on any issues but wages and hours. Fear of the strike, the acute coal shortage and a peak unemployment of close to 1.7 million made the Chancellor wary of precipitating still another economic crisis.

On January 25 an agreement was reached. In return for Dr. Adenauer's promise to support speedy passage of a

bill legalizing joint control of the industries the unions agreed to cancel the proposed strike. The accord stipulates that each eleven-man board of directors, is to consist of five delegates representing labor and five representing employers. The eleventh member is to be a neutral acceptable to both parties. The board of managers will have a labor official sitting along with the technical and commercial managers. The whole setup is to be regulated by an industry-wide "Senate" which is to resolve all disputes. This "Senate" will include an equal number of union and employer nominees selected by the government.

Although the unions want to extend the principle of co-determination to the chemical and railway industries, its application is at present limited to the iron, coal and steel industries—all covered by Allied Law 27 on decartelization. As British regulations permit no meetings of the boards of directors of the decartelized industries, the new arrangement cannot

be put into practice until industry reverts to German hands. Despite the fact that no immediate change is likely, the National Association of Manufacturers in this country advised Heinz L. Krekeler, German Consul General in New York, on February 4, that the new position proposed for German labor would discourage American investment in German recovery.

### **Decartelization**

Meanwhile, West Germany faces a far-reaching struggle over the issue of cartels. It is difficult for Americans to realize that cartels are not anathema in Germany. Even the German trade unions have never been hostile to concentration of economic power. Trust-busting—symbolized in the United States by the Sherman and Clayton Anti-Trust acts—has never appealed to the Germans. One of the reasons for the protracted negotiations concerning the Schuman plan has been the German objection to the plan's anti-cartel features.

The United States, despite its domestic policy, has been slow in effecting the deconcentration of German industry, announced at the end of World War II as one of its chief objectives. During General Clay's tour of duty in Germany little or no progress was made in deconcentrating the large industrial combines. It was only on January 14, 1951 that the Allied High Commission agreed upon a formula to break up the gigantic I. G. Farben chemical combine. This formula calls for three large and six smaller independent firms to replace the old I. G. Farben empire. The German trustees of Farben—many of them held the same posts during

Hitler's Reich—balked at the Allied proposal and succeeded in winning the open support of the Economics Ministry of the West German Federal government. The Germans so far are ready to agree only to division of the combine into three organizations.

Perhaps the greatest boost the German industrialists received was the decision of Robert P. Patterson, former American Secretary of War, to represent the Ruhr businessmen in their campaign to spare the German steel and coal combines. In Frankfurt, on February 24, Mr. Patterson urged that his clients' vast holdings be protected so that they can "contribute to Europe's protection." He called the present initial attempts at decartelization, a "substantial denial of justice" and an infringement of the "due process of law" as safeguarded in the United States Constitution.

The Ruhr industrialists apparently convinced Dr. Adenauer that he need not go along with the Allies on industry dismemberment because Mr. Patterson would use his influence to prevent it. The Chancellor then retreated from his earlier promise to implement a decision reached in February between Bonn and the Western allies to break up the Central German Sales Agency into sub-agencies. This agreement stated that no Ruhr steel plant could own coal mines with an output in excess of 75 per cent of the requirements of the steel company—based on present productive capacity. The Germans held that the 75 per cent should be calculated in relation to maximum capacity—which would mean they could control coal mines producing about 160 per cent of their

present needs. When United States High Commissioner John J. McCloy and Chancellor Adenauer agreed on March 2 to postpone the coal control decision, the French were dismayed. The French had long felt that the success of the Schuman proposal depended on all participants in the plan having equal access to Ruhr coke. The position of Mr. McCloy appeared to be that, given concessions on the coal pool, the Germans would accept the Schuman plan and, since the French steel industry needs Ruhr coal more than German firms require iron ore from Lorraine, Paris might not object to the concession. The attempt to speed acceptance of the Schuman plan struck another snag when the British, on March 3, indicated that they believed there should be no arbitrary formula for mine ownership by steel companies. London believes that each case must be settled on its own economic merits.

In New York, on February 4, Mr. Patterson, disturbed by criticism of his trip to Germany, declared that he had been misunderstood. He stated that he favors dismemberment of German industry, but objects to the present proceedings on the ground that the decartelization law "omitted safeguards against arbitrary action."

Germany has thus become the testing ground for many conflicting economic and political doctrines. Only time will tell whether the successful campaign led by Dr. Boeckler for *Mitbestimmungsrecht* was a more significant event than the release of Alfred Krupp from Landsberg prison.

HOWARD C. GARY

## ***Ribicoff Urges Recapture of Political Initiative***

For the first time in history one nation has strayed into a position of leadership without wanting it. Yet nevertheless the whole free world, economically and militarily, depends on the United States. It is this brutal fact that increases our frustration and our soul searching. "Why, Oh God," we cry, "just we?" If we do not lead, no other free nation can take our place. If we do not lead, Soviet Russia will rush into the vacuum created by our abdication.

### ***Our New World Role***

The implications of our changed international status have been slow to sink into the national consciousness. Yet we do not sufficiently realize that everything we

do affects other nations. Nor have we learned that we ourselves can now be subjected to new pressure and new kinds of

As its contribution to the "great debate," the Foreign Policy Association has invited distinguished leaders of differing opinions to present their views on the course the United States should follow in world affairs. The seventh article in the series appears in the adjoining columns.

attacks that could never have touched us before. It is our country's task to determine whether freedom or slavery is the

principle to survive for the next centuries.

Although the United States is the nucleus of the non-Communist world, there is no central control, no compelling unifying idea. Korea dramatically opened our eyes to the dangers that confront us and revealed the weakness of ourselves and our allies. Consequently, one fact overshadows all others. Our present policy is bigger than our present means. We should multiply our means to cope with our commitments.

We no longer live in the carefree times when we could ignore the rest of the planet. What we announce we will not defend, the other side automatically takes. Moreover, no portion of the non-Communist world is without importance to the



defense of the whole. Because of our geographic position and interests, we must keep in balance our policies as to Europe, Asia and the Americas. We cannot separate our world relations and responsibilities and treat them separately from one another. Our commitments in one area must not be permitted to endanger our capacity to act in others.

### Corrections of Policy Needed

There must be some corrections in our short-term foreign policy.

1. Outside the United States, we must try to create a single automatic military alliance, embracing all countries willing to join, concentrating on Western Europe as the most valuable, but not overlooking other areas. Although we might be forced out of one area or another, if war comes, we must not voluntarily renounce any important region of the world.
2. We should create local centers of strength able to deal with second degree aggression, beginning with a Far Eastern pact—not unlike the North Atlantic pact—and a Mediterranean pact, for if this second degree aggression cannot be handled chiefly by local forces, we must either have to submit to it or else fritter away our strength. An example of local defense is the Greek-Yugoslav-Turkish combined force, which could probably handle aggression from the captive countries of Hungary, Bulgaria and Rumania.
3. We cannot unilaterally promise each nation and each segment of the globe that we will defend it without getting in return its promise to help us when necessary. Since defense, moreover, is global in scale, we must have commitments from those with whom we are allied to help us in other areas of the world.
4. We need allies as much as they need us. We have interests in common. We must find a common policy with our friends and then follow it together.
5. By appropriate organs we should try to weld our camp into an effective instrument to make it as solid as that of our opponents. For example, we may point to the pooling of military components under General Eisenhower in Europe and the proposal to pool European economic interests under the Schuman plan.

Although terrible danger to all free

peoples compels the United States to re-arm, we must never forget that war is the last push that topples civilization. We must press the campaign on the front of peace-making, and not only on the front of armed opposition. We must recapture from the Communists the political, social, economic and spiritual factors without which military strength usually fails. Spiritual power is the ultimate key to the world's ills. We must contribute ideas as well as dollars and soldiers.

### Long-Range Policy Goals

The following should be the basis for our long-range foreign policy:

1. We must proclaim that our goals for the world are similar to the goals of this nation from its founding. Paraphrasing the Constitution of the United States, they are: A more perfect world, common security, the establishment of justice, universal tranquility, the securing of peace in our own land and throughout the world, general welfare of all peoples, the securing of the blessings of liberty for all peoples and for posterity.
2. We must proclaim that we are for universal disarmament and international control of weapons.
3. We must proclaim that American wealth, American resources, America itself, are not the ends but the means to an end. The Creator did not endow this nation with all its vast potential merely that Americans might luxuriate in the midst of a depleted, dismayed and disheartened world. We should tell the world that once we eliminate the scourge of war we are willing to adopt a peace budget instead of a military budget. Under an international program similar to Point 4 we shall help to raise the underdeveloped peoples of this world out of ignorance, poverty and disease.
4. The McMahon-Ribicoff resolution recently introduced in Congress has its place in this program. This resolution is a declaration of friendship of the American people for all other peoples of the world. It emphasizes the desire of the American people for peace, friendship and brotherhood with all men throughout the world, including those of the Soviet Union.
5. We must take the lead in transforming

the United Nations into a world organization able to enact, administer and enforce world law. This will require fundamental revisions in the United Nations Charter. These changes can be limited and confined to matters relating to the prevention of war.

For our generation and all mankind, one question overshadows all others. Are we going to be able to work out the problems that arose out of World War II, or will World War III follow?

All this is a tremendous task. But it is not beyond our capacity. If we have the will to lead, we shall prevail.

A. A. RIBICOFF

(This article was specially prepared for the *Foreign Policy Bulletin* by Representative Ribicoff, Democrat of Connecticut, who is a member of the House Committee on Foreign Affairs.)

### Branch and Affiliate Meetings

- SPRINGFIELD, March 10, *The Sources of Western Strength*, Karl W. Deutsch  
 PROVIDENCE, March 11-17, World Affairs Week  
 BETHLEHEM, March 12, *The Road to Survival*, William Vogt  
 PITTSBURGH, March 14, *Are U.S. Troops Needed in Europe?*, J. Wes Gallagher  
 NEW YORK, March 15, *How Strong Is Russia?*, Howard C. Gary  
 NEW YORK, March 19, *How Strong Is Russia?*, Howard C. Gary  
 CLEVELAND, March 20, *Power Through Ideas—Psychological Warfare*, Saul K. Padover  
 DETROIT, March 20, *The Philippines*, Russell Fifield  
 POUGHKEEPSIE, March 24, *Britain's Role in the UN*, Sir Gladwyn Jebb

### FPA Bookshelf

*Congress and Foreign Policy*, by Robert A. Dahl. New York, Harcourt, 1950. \$4.00.  
 The need for competent and decisive conduct of foreign policy conflicts with the necessity, in a democracy, of imposing popular responsibility on the executive power. This crucial problem is examined with penetration and cogency by Assistant Professor Dahl of Yale University, who reaches the conclusion that executive competence can be reconciled with democratic control only by the attainment of close collaboration between the President and Congress.

*Our More Perfect Union, From Eighteenth-Century Principles to Twentieth-Century Practice*, by Arthur N. Holcombe. Cambridge, Mass., Harvard University Press, 1950. \$6.

In this painstaking and scholarly treatise the Eaton Professor of the Science of Government at Harvard University analyzes the constitutional principles of our federal system of government, defends their basic soundness in meeting present-day problems, and calls for their application in improving the domestic situation in the United States and in resolving some of the conflicts of an anarchic world.

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